

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

UNITED STATES OF AMERICA

v.

JIN HORNG HONG,

Defendant.

Case No. 1:20-CR-254

STATEMENT OF FACTS

The United States and the defendant, JIN HORNG HONG (hereinafter, “Hong” or “the defendant”), agree that at trial, the United States would have proven the following facts beyond a reasonable doubt with admissible and credible evidence:

1. From on or about October 1, 2019, to on or about March 9, 2020, in the Eastern District of Virginia and elsewhere, the defendant, JIN HORNG HONG, knowingly and intentionally conspired and agreed with He Li, Shouming Sun, Yuchen Zhang, and others to commit wire fraud, contrary to Title 18, United States Code, Section 1343, by knowingly devising and intending to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, and to transmit and cause to be transmitted interstate wire communications in furtherance of the conspiracy, and in violation of Title 18, United States Code, Section 1349.

2. In order to effect the object of the conspiracy, the defendant and his co-conspirators engaged in the following conduct in the Eastern District of Virginia and elsewhere:

a. Unidentified co-conspirators contacted victims by telephone or through social media.

b. Unidentified co-conspirators assumed fictitious identities, including falsely claiming to be from the Internal Revenue Service, the Social Security Administration, or employees of businesses or financial institutions known to the victims, and, among others ruses, falsely told victims they were entitled to grants or refunds, or in some cases had their personal identification information compromised. In other cases, unidentified co-conspirators developed on-line relationships with victims as a means to commit the fraud and effect the object of the conspiracy.

c. Based on false representations, unidentified co-conspirators fraudulently induced more than 500 victims to purchase gift cards, including gift cards to be redeemed at Walmart and Sam's Club stores.

d. Unidentified co-conspirators then directed the victims to send to members of the conspiracy through wire communications the gift cards' redemption codes, which are codes used to redeem the value of the gift cards without having the physical cards.

e. Defendant HONG and co-conspirators Li, Sun, and Zhang were provided the redemption codes and used the redemption codes obtained by fraud to purchase goods and services for their personal benefit and the benefit of their co-conspirators primarily at Walmart and Sam's Club locations. These transactions occurred in the Eastern District of Virginia and elsewhere and each transaction transmitted and caused to be transmitted interstate wire communications in furtherance of the conspiracy.

Victim-1

3. In November 2019, Victim 1 ("V-1") noticed a glitch on his computer with a notification from Microsoft indicating his computer was hacked. V-1 gave computer access to someone he believed was a Microsoft employee in order to fix the problem. V-1 received a

call from the supposed Microsoft employee indicating his bank account had been hacked, and that V-1 needed to purchase gift cards in order to protect his assets. V-1 then drove to Walmart and Target stores in Watertown, New York and purchased gift cards from Walmart and Target. V-1 scratched off the back of the Walmart gift cards and verbally gave the numbers to the person claiming to be from Microsoft. By the end of the call, V-1 realized this was a scam. At the same time, his wife received a call from a person claiming to be from Target's fraud department requesting the scratched off Target gift card numbers. V-1's wife verbally provided this information to the supposed Target employee. V-1 realized this was also part of the same scam, but was too late to prevent his wife from giving the card numbers.

4. A review of records provided by Walmart revealed at least two Walmart gift cards ending in 2648 and 0858 were purchased by V-1 on or about November 5, 2019 at the Walmart in Watertown, New York. Both cards were redeemed by HONG's Sam's Club membership on the same date in the Walmart in Sterling, Virginia, which is located in the Eastern District of Virginia.

Victim-2

5. In November 2019, Victim 2 ("V-2") received a call from two individuals claiming to be from the US Marshals and the FBI. These individuals told V-2 her personal identity was stolen and her social security number was being used for illicit money laundering activity. V-2 was directed to purchase Walmart gift cards in order to safeguard her assets. The supposed officers gave V-2 the addresses of five Walmart stores in Georgia, and kept her on the phone for several hours as she drove to each location. V-2 purchased Walmart gift cards, and, at the direction of the callers, texted photos of the scratched off card numbers to the phone number ending in 6618. The supposed FBI employee advised he would come to V-2's house the next day; however, he never showed up. When V-2 told a friend about the incident, the friend

advised this was a scam. V-2 conducted research online and determined the US Marshals would not require victims to purchase gift cards.

6. A review of records provided by Walmart revealed V-2 purchased gift cards ending in 9530, 1295, and 5319 on November 6, 2019 in Georgia, and all three cards were redeemed on the same date using HONG's membership at the Sam's Club in Hagerstown, Maryland.

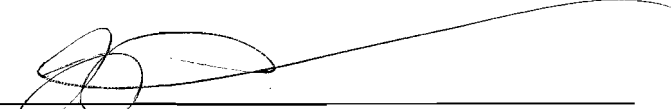
Victim-3

8. On or about November 6, 2019, Victim 3 ("V-3") received a voicemail message regarding a refund for virus software on his computer. V-3 had recently purchased virus software, so he called the unknown number on the message. V-3 spoke with a male subject that went by John. John told V-3 that he was eligible for a \$400 refund and it would be deposited in V-3's bank account. V-3 logged onto his Wells Fargo account and somehow John seemed to have access to his account. John told V-3 he inadvertently deposited \$3,500 instead of \$400. John instructed V-3 to buy Walmart and Best Buy gift cards and provide him with the PINs (personal identification numbers) in order to send the overpayment back.

9. On or about November 6, 2019, V-3 purchased six gift cards. V-3 purchased two Walmart gift cards from Sam's Club and four gift cards from Best Buy with his Wells Fargo debit card. V-3 then called John using his cellular telephone to read the PINs on the back of the cards. V-3 never received a refund deposit in his bank account from John for the virus software.

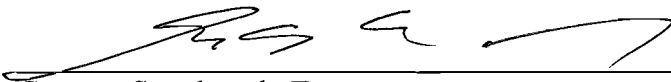
10. A review of records provided by Walmart revealed V-3 purchased two gift cards ending in 1285 and 1245 in Midlothian, Virginia on November 6, 2019. Both cards were redeemed on the same date using HONG's membership at the Sam's Club in Hagerstown, Maryland.

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, JIN HORNG HONG, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.



JIN HORNG HONG

I am Gregory Stambaugh, defendant JIN HORNG HONG's attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.



Gregory Stambaugh, Esq.
Attorney for JIN HORNG HONG